

## **BILL ANALYSIS**

H.B. 5  
By: Branch  
Appropriations  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Interested parties identify tuition revenue bonds as a method the legislature favors for funding construction in higher education, with classrooms, laboratories, libraries, academic centers, and other critical infrastructure being well suited to long-term financing. According to the parties, despite an informal agreement that new bonding authority would be provided every other regular legislative session, no new tuition revenue bonds have been authorized for several legislative sessions.

University chancellors and presidents have testified about their critical construction needs and the scarcity of alternative revenue sources and indicated that various proposed projects would not be feasible without the issuance of tuition revenue bonds. The parties further contend that funding these needs now would be particularly opportune given relatively low interest rates and construction costs and the strain rapid enrollment over the last decade has placed on the state's existing infrastructure.

H.B. 5 seeks to authorize the issuance of revenue bonds to fund certain capital projects at specified public institutions of higher education.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

#### **The Texas A&M University System**

H.B. 5 amends the Education Code to provide the board of regents of The Texas A&M University System with additional bond authority in the following amounts to acquire, purchase, construct, improve, renovate, enlarge, or equip property and facilities, including roads and related infrastructure, for the following projects at the university system, to be financed in accordance with a systemwide revenue financing program adopted by the board:

- at Texas A&M University--Commerce, up to \$40 million for a library and technology center;
- at Texas A&M University--Corpus Christi, up to \$60 million for a life sciences research building;
- at Texas A&M University--Kingsville, up to \$33.6 million for music building expansion and renovation of Jones Auditorium;
- at Texas A&M University--Texarkana, up to \$36.8 million for an academic and laboratory learning center;
- at West Texas A&M University, up to \$12 million for the Amarillo Center;

- at The Texas A&M University System Health Science Center, up to \$7.2 million for facilities in Round Rock, Texas, up to \$36 million for a research building in Temple, Texas, and up to \$64 million for an education center and research building in Dallas, Texas;
- at Texas A&M International University, up to \$41.6 million for library renovation, additional instructional spaces, and a support services building;
- at Prairie View A&M University, up to \$12.8 million for critical deferred maintenance;
- at Tarleton State University, up to \$52 million for the Gates Agriculture and Business Building and up to \$12 million for the Midlothian Higher Education Center;
- at Texas A&M University, up to \$64 million for a biocontainment research facility;
- at Texas A&M University at Galveston, up to \$36.8 million for an academic building;
- at Texas A&M University--Central Texas, up to \$50 million for a science, health science, and wellness building; and
- at Texas A&M University--San Antonio, up to \$70 million for a science and technology building.

H.B. 5 authorizes the board to back these bonds by pledging irrevocably revenue funds of a university system component and prohibits the reduction or abrogation of a pledge while a bond backed by the pledge, or a subsequent refunding bond, is outstanding. The bill authorizes the board, if sufficient funds are not available to the board to meet its obligations, to transfer funds among university system components to ensure the most equitable and efficient allocation of available resources for each component to carry out its duties and purposes

### **The University of Texas System**

H.B. 5 provides the board of regents of The University of Texas System with additional bond authority in the following amounts to acquire, purchase, construct, improve, renovate, enlarge, or equip property and facilities, including roads and related infrastructure, for the following projects at the university system, to be financed in accordance with a systemwide revenue financing program adopted by the board:

- at The University of Texas at Austin, up to \$95 million for an engineering education and research center;
- at The University of Texas at Brownsville or its successor university, up to \$100 million for a new campus in Brownsville;
- at The University of Texas--Pan American, up to \$78.4 million for Science Building II;
- at The University of Texas Southwestern Medical Center at Dallas, up to \$60 million for north campus Phase VI vivarium and research facilities;
- at The University of Texas Health Science Center at San Antonio, up to \$11.2 million for a South Texas diabetes institute and for an enhanced performance laboratory of the Barshop Institute for Longevity and Aging Studies;
- at The University of Texas M. D. Anderson Cancer Center, up to \$50 million for a personalized cancer care building;
- at The University of Texas Medical Branch at Galveston, up to \$40 million for a health education center;
- at The University of Texas at Arlington, up to \$64.3 million for renovation of and addition to a life science building;
- at The University of Texas at Dallas, up to \$76 million for an engineering building;

- at The University of Texas at El Paso, up to \$88 million for an interdisciplinary research facility;
- at The University of Texas at San Antonio, up to \$74.2 million for an experimental science instructional building;
- at The University of Texas at Tyler, up to \$38.8 million for a STEM and business complex and renovation of the business building;
- at The University of Texas Health Science Center at Houston, up to \$100 million for the renovation and modernization of educational and research facilities;
- at The University of Texas Health Science Center at Tyler, up to \$4,804,000 for the Riter Center Primary Care Training Center renovation; and
- at The University of Texas of the Permian Basin, up to \$48 million for an engineering building.

H.B. 5 authorizes the board to back these bonds by pledging irrevocably revenue funds of a university system component and prohibits the reduction or abrogation of a pledge while a bond backed by the pledge, or a subsequent refunding bond, is outstanding. The bill authorizes the board, if sufficient funds are not available to the board to meet its obligations, to transfer funds among university system components to ensure the most equitable and efficient allocation of available resources for each component to carry out its duties and purposes.

### **University of Houston System**

H.B. 5 provides the board of regents of the University of Houston System with additional bond authority in the following amounts to acquire, purchase, construct, improve, renovate, enlarge, or equip property and facilities, including roads and related infrastructure, for the following projects at the university system, to be financed in accordance with a systemwide revenue financing program adopted by the board:

- at the University of Houston, up to \$70 million for a pharmacy and biomedical sciences building;
- at the University of Houston--Clear Lake, up to \$67.2 million for a science and academic support building;
- at the University of Houston--Downtown, up to \$37.2 million for a science and technology building; and
- at the University of Houston--Victoria, up to \$78,356,800 for campus expansion.

H.B. 5 authorizes the board to back these bonds by pledging irrevocably revenue funds of a university system component and prohibits the reduction or abrogation of a pledge while a bond backed by the pledge, or a subsequent refunding bond, is outstanding. The bill authorizes the board, if sufficient funds are not available to the board to meet its obligations, to transfer funds among university system components to ensure the most equitable and efficient allocation of available resources for each component to carry out its duties and purposes.

### **Texas State University System**

H.B. 5 provides the board of regents of the Texas State University System with additional bond authority in the following amounts to acquire, purchase, construct, improve, renovate, enlarge, or equip property and facilities, including roads and related infrastructure, for the following projects at the university system, to be financed in accordance with a systemwide revenue financing program adopted by the board:

- at Lamar University, up to \$32 million for a science building;

- at Lamar State College--Orange, up to \$14,222,400 for a multipurpose education building;
- at Lamar State College--Port Arthur, up to \$2,180,000 for an addition to the allied health building;
- at Lamar Institute of Technology, up to \$12 million for renovation and replacement of the technical arts buildings;
- at Texas State University--San Marcos, up to \$44.8 million for a medical education and research building in Round Rock, Texas, and up to \$73,265,729 for an engineering and science building;
- at Sam Houston State University, up to \$31,720,000 for a biology, nursing, and allied health building; and
- at Sul Ross State University, up to \$3.4 million for renovation and modernization of educational and related facilities and infrastructure.

H.B. 5 authorizes the board to back these bonds by pledging irrevocably revenue funds of a university system component and prohibits the reduction or abrogation of a pledge while a bond backed by the pledge, or a subsequent refunding bond, is outstanding. The bill authorizes the board, if sufficient funds are not available to the board to meet its obligations, to transfer funds among university system components to ensure the most equitable and efficient allocation of available resources for each component to carry out its duties and purposes.

#### **University of North Texas System**

H.B. 5 provides the board of regents of the University of North Texas System with additional bond authority in the following amounts to acquire, purchase, construct, improve, renovate, enlarge, or equip property and facilities, including roads and related infrastructure, for the following projects at the university system, to be financed in accordance with a systemwide revenue financing program adopted by the board:

- at the University of North Texas System, up to \$56 million for college of law building renovations;
- at the University of North Texas, up to \$73.6 million for a college of visual arts and design facility;
- at the University of North Texas at Dallas, up to \$70 million for a library and student success center; and
- at the University of North Texas Health Science Center at Fort Worth, up to \$66,600,000 for an interdisciplinary research building.

H.B. 5 authorizes the board to back these bonds by pledging irrevocably revenue funds of a university system component and prohibits the reduction or abrogation of a pledge while a bond backed by the pledge, or a subsequent refunding bond, is outstanding. The bill authorizes the board, if sufficient funds are not available to the board to meet its obligations, to transfer funds among university system components to ensure the most equitable and efficient allocation of available resources for each component to carry out its duties and purposes.

#### **Texas Woman's University**

H.B. 5 provides the board of regents of Texas Woman's University with up to \$37,996,928 in additional bond authority to acquire, purchase, construct, improve, renovate, enlarge, or equip property and facilities, including roads and related infrastructure, for a science and technology learning center at the university. The bill authorizes the board to back these bonds by pledging irrevocably revenue funds of the university and prohibits the reduction or abrogation of a pledge

while a bond backed by the pledge, or a subsequent refunding bond, is outstanding.

### **Midwestern State University**

H.B. 5 provides the board of regents of Midwestern State University with up to \$23,992,000 in additional bond authority to acquire, purchase, construct, improve, renovate, enlarge, or equip property and facilities, including roads and related infrastructure, for library, College of Education, and information technology facilities at the university. The bill authorizes the board to back these bonds by pledging irrevocably revenue funds of the university and prohibits the reduction or abrogation of a pledge while a bond backed by the pledge, or a subsequent refunding bond, is outstanding.

### **Stephen F. Austin State University**

H.B. 5 provides the board of regents of Stephen F. Austin State University with up to \$40 million in additional bond authority to acquire, purchase, construct, improve, renovate, enlarge, or equip property and facilities, including roads and related infrastructure, for a science, technology, engineering, and mathematics research building at the university. The bill authorizes the board to back these bonds by pledging irrevocably revenue funds of the university and prohibits the reduction or abrogation of a pledge while a bond backed by the pledge, or a subsequent refunding bond, is outstanding.

### **Texas Tech University System**

H.B. 5 provides the board of regents of the Texas Tech University System with additional bond authority in the following amounts to acquire, purchase, construct, improve, renovate, enlarge, or equip property and facilities, including roads and related infrastructure, for the following projects at the university system, to be financed in accordance with a systemwide revenue financing program adopted by the board:

- at Texas Tech University Health Sciences Center, up to \$36 million for Lubbock education, research, and technology facilities, up to \$79.2 million for the El Paso Medical Science Building II, and up to \$15,120,000 for the Permian Basin academic facility;
- at Texas Tech University, up to \$70.2 million for a research building; and
- at Angelo State University, up to \$14,896,000 for a health and human services building.

H.B. 5 authorizes the board to back these bonds by pledging irrevocably revenue funds of a university system component and prohibits the reduction or abrogation of a pledge while a bond backed by the pledge, or a subsequent refunding bond, is outstanding. The bill authorizes the board, if sufficient funds are not available to the board to meet its obligations, to transfer funds among university system components to ensure the most equitable and efficient allocation of available resources for each component to carry out its duties and purposes.

### **Texas Southern University**

H.B. 5 provides the board of regents of Texas Southern University with up to \$52,814,129 in additional bond authority to acquire, purchase, construct, improve, renovate, enlarge, or equip property and facilities, including roads and related infrastructure, for the Robert J. Terry Library at the university. The bill authorizes the board to back these bonds by pledging irrevocably revenue funds of the university and prohibits the reduction or abrogation of a pledge while a bond backed by the pledge, or a subsequent refunding bond, is outstanding.

### **Texas State Technical College System**

H.B. 5 provides the board of regents of the Texas State Technical College System with

additional bond authority in the following amounts to acquire, purchase, construct, improve, renovate, enlarge, or equip property and facilities, including roads and related infrastructure, for the following projects:

- at Texas State Technical College System, up to \$35 million for the Ellis County Extension Center;
- at Texas State Technical College--Harlingen, up to \$2.4 million for Phase II of the Engineering Technology Center renovation;
- at Texas State Technical College--Marshall, up to \$1.2 million for renovation of aviation technology facilities; and
- at Texas State Technical College--Waco, up to \$5 million for water system infrastructure replacement.

H.B. 5 authorizes the board to back these bonds by pledging irrevocably revenue funds of a system component and prohibits the reduction or abrogation of a pledge while a bond backed by the pledge, or a subsequent refunding bond, is outstanding. The bill authorizes the board, if sufficient funds are not available to the board to meet its obligations, to transfer funds among system components to ensure the most equitable and efficient allocation of available resources for each component to carry out its duties and purposes.

H.B. 5 appropriates \$175 million out of the general revenue fund to the comptroller of public accounts for the state fiscal year ending August 31, 2015, for distribution to institutions of higher education and university systems for debt service on revenue bonds authorized by the bill. The bill requires the comptroller to distribute a portion of that amount to each institution of higher education or university system, as applicable, in accordance with calculations made by the Legislative Budget Board (LBB) of each institution's or system's proportionate share of the amount appropriated based on the amount of revenue bonds authorized by the bill for each institution or system. The bill requires the LBB to make the initial calculations and notify the comptroller and the applicable institutions of higher education and university systems of the respective shares to be distributed as soon as practicable and authorizes the LBB to make adjustments to those calculations and to provide a final determination of those shares. The bill's provisions do not affect any authority or restriction regarding the activities that a public institution of higher education may conduct in connection with a facility financed by bonds authorized by the bill.

**EFFECTIVE DATE**

91st day after the last day of the legislative session.